

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. AC-2009-11

TRUDY NEWBERRY REED
9550 Knight Lane
Stockton, CA 95209

Certified Public Accountant
Certificate No. 51681

Respondent.

DECISION AND ORDER

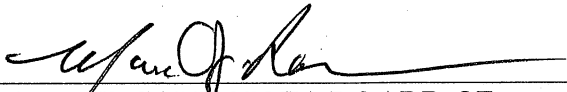
The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on

9-4-10

It is so ORDERED

8-4-10



FOR THE CALIFORNIA BOARD OF
ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 EDMUND G. BROWN JR.
Attorney General of California
2 ARTHUR TAGGART
Supervising Deputy Attorney General
3 ELENA L. ALMANZO
Deputy Attorney General
4 State Bar No. 131058
1300 I Street, Suite 125
5 P.O. Box 944255
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6 Telephone: (916) 322-5524
Facsimile: (916) 327-8643
7 *Attorneys for Complainant*

8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
10 **STATE OF CALIFORNIA**

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Case No. AC-2009-11

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13 9550 Knight Lane
14 Stockton, CA 95209

15 Certified Public Accountant
Certificate No. 51681

16 Respondent.

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

17
18 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-
19 entitled proceedings that the following matters are true:

20 PARTIES

21 1. Patti Bowers (Complainant) is the Executive Officer of the California Board of
22 Accountancy. She brought this action solely in her official capacity and is represented in this
23 matter by Edmund G. Brown Jr., Attorney General of the State of California, by Elena L.
24 Almanzo, Deputy Attorney General.

25 2. Respondent Trudy Newberry Reed (Respondent) is represented in this proceeding by
26 attorney Stephanie Sessions Perkins, Chapman Glucksman Dean Roeb & Barger, 7509 Madison
27 Avenue, Suite 112, Citrus Heights, California 95610.
28

8. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

CULPABILITY

9. Respondent admits the truth of each and every charge and allegation in Accusation No. AC-2009-11 as amended.

10. Respondent agrees that her Certified Public Accountant License is subject to discipline and she agrees to be bound by the California Board of Accountancy (Board)'s imposition of discipline as set forth in the Disciplinary Order below.

CONTINGENCY

11. This stipulation shall be subject to approval by the California Board of Accountancy. Respondent understands and agrees that counsel for Complainant and the staff of the California Board of Accountancy may communicate directly with the Board regarding this stipulation and settlement, without notice to or participation by Respondent or her counsel. By signing the stipulation, Respondent understands and agrees that she may not withdraw her agreement or seek to rescind the stipulation prior to the time the Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action between the parties, and the Board shall not be disqualified from further action by having considered this matter.

12. The parties understand and agree that facsimile copies of this Stipulated Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same force and effect as the originals.

13. This Stipulated Settlement and Disciplinary Order is intended by the parties to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understandings, discussions, negotiations, and commitments (written or oral). This Stipulated Settlement and Disciplinary Order may not be altered, amended, modified, supplemented, or otherwise changed except by a writing executed by an authorized representative of each of the parties.

14. In consideration of the foregoing admissions and stipulations, the parties agree that the Board may, without further notice or formal proceeding, issue and enter the following Disciplinary Order:

DISCIPLINARY ORDER

IT IS HEREBY ORDERED that Certified Public Accountant License No. CPA 51681 issued to Respondent Trudy Newberry Reed (Respondent) is revoked. However, the revocation is stayed and Respondent is placed on probation for three (3) years on the following terms and conditions.

1. **Actual Suspension.** Certified Public Accountant License No. CPA 51681 issued to Trudy Reed is suspended for thirty (30) days. During the period of suspension the Respondent shall engage in no activities for which certification as a Certified Public Accountant or Public Accountant is required as described in Business and Professions Code, Division 3, Chapter 1, Section 5051.

2. **Obey All Laws.** Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

3. **Submit Written Reports.** Respondent shall submit, within ten (10) days of completion of the quarter, written reports to the Board on a form obtained from the Board. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to Respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.

4. **Personal Appearances.** Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the Board or its designated representatives, provided such notification is accomplished in a timely manner.

5. **Comply With Probation.** Respondent shall fully comply with the terms and conditions of the probation imposed by the Board and shall cooperate fully with representatives

1 of the Board of Accountancy in its monitoring and investigation of the Respondent's compliance
2 with probation terms and conditions.

3 **6. Practice Investigation.** Respondent shall be subject to, and shall permit, practice
4 investigation of the Respondent's professional practice. Such a practice investigation shall be
5 conducted by representatives of the Board, provided notification of such review is accomplished
6 in a timely manner.

7 **7. Comply With Citations.** Respondent shall comply with all final orders resulting
8 from citations issued by the Board of Accountancy.

9 **8. Tolling of Probation For Out-of-State Residence/Practice.** In the event
10 Respondent should leave California to reside or practice outside this state, Respondent must
11 notify the Board in writing of the dates of departure and return. Periods of non-California
12 residency or practice outside the state shall not apply to reduction of the probationary period, or
13 of any suspension. No obligation imposed herein, including requirements to file written reports,
14 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise
15 affected by such periods of out-of-state residency or practice except at the written direction of the
16 Board.

17 **9. Violation of Probation.** If Respondent violates probation in any respect, the Board,
18 after giving Respondent notice and an opportunity to be heard, may revoke probation and carry
19 out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is
20 filed against Respondent during probation, the Board shall have continuing jurisdiction until the
21 matter is final, and the period of probation shall be extended until the matter is final.

22 **10. Completion of Probation.** Upon successful completion of probation, Respondent's
23 license will be fully restored.

24 **11. Ethics Course/Examination.** Respondent shall take and pass with a score of 90
25 percent or better a Board approved ethics examination within one year of the effective date of this
26 decision.

27 If Respondent fails to pass said examination within the time period provided or within two
28 attempts, Respondent shall so notify the Board and shall cease practice until Respondent takes

1 and successfully passes said exam, has submitted proof of same to the Board, and has been
2 notified by the Board that she may resume practice. Failure to pass the required examination no
3 later than 100 days prior to the termination of probation shall constitute a violation of probation.

4 Notwithstanding any other provision of this probation, failure to take and pass this
5 examination within five years of the effective date of this order constitutes a separate cause for
6 discipline of Respondent's license.

7 12. **Continuing Education Courses.** Respondent shall complete and provide proper
8 documentation of 24 hours of designated continued professional education courses, in addition 80
9 hours required for the October 1, 2010, renewal, within one year of the effective date of this
10 decision.

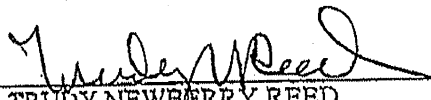
11 13. **Cost Reimbursement.** Respondent shall reimburse the Board \$5,000 for its
12 investigation and prosecution costs.

13 The payment shall be made as follows: \$455 due on a quarterly basis with quarterly written
14 reports, the final payment being due one quarter before probation is scheduled to terminate.

15 ACCEPTANCE

16 I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully
17 discussed it with my attorney, Stephanie Sessions Perkins. I understand the stipulation and the
18 effect it will have on my Certified Public Accountant License. I enter into this Stipulated
19 Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be
20 bound by the Decision and Order of the California Board of Accountancy.


21
22 DATED: 4/26/10


TRUDY NEWBERRY REED
Respondent

24 I have read and fully discussed with Respondent Trudy Newberry Reed the terms and
25 conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order.

26 I approve its form and content.

27 DATED: 4/27/10


Stephanie Sessions Perkins
Attorney for Respondent


ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

Dated: 5/12/2010

Respectfully Submitted,

EDMUND G. BROWN JR.
Attorney General of California
ARTHUR TAGGART
Supervising Deputy Attorney General


ELENA L. ALMANZO
Deputy Attorney General
Attorneys for Complainant

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Exhibit A

Accusation No. AC-2009-11

1 EDMUND G. BROWN JR., Attorney General
of the State of California
2 ARTHUR D. TAGGART
Supervising Deputy Attorney General
3 ELENA L. ALMANZO, State Bar No. 131058
Deputy Attorney General
4 1300 I Street, Suite 125
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5 Sacramento, CA 94244-2550
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13 9550 Knight Lane
Stockton, CA 95209

A C C U S A T I O N

14 Certified Public Accountant
15 Certificate No. 51681

16 Respondent.
17

18 Complainant alleges:
19

20 **PARTIES**

21 1. Patti Bowers (Complainant) brings this Accusation solely in her official
22 capacity as the Executive Officer of the California Board of Accountancy.

23 2. On or about November 18, 1988, the California Board of Accountancy,
24 (hereinafter "Board") issued Certified Public Accountant License Number CPA 51681 to Trudy
25 Newberry Reed (Respondent). The Certified Public Accountant License expired on October 1,
26 2008, and has not been renewed.

27 3. On or about August 6, 2004, the Board issued a Fictitious Name Permit
28 No. 1428 to Respondent for Reed & Company.

JURISDICTION

4. This Accusation is brought before the Board, under the authority of the following laws. All section references are to the Business and Professions Code unless otherwise indicated.

5. Section 5100 states:

"After notice and hearing the board may revoke, suspend, or refuse to renew any permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5 (commencing with Section 5080), or may censure the holder of that permit or certificate for unprofessional conduct that includes, but is not limited to, one or any combination of the following causes:

"(g) Willful violation of this chapter or any rule or regulation promulgated by the board under the authority granted under this chapter.

6. Section 5050 states in pertinent part:

"(a) Except as provided in subdivision (b) and (c) of this section, in subdivision (a) of Section 5054, and in Section 5096.12, no person shall engage in the practice of public accountancy in this state unless the person is the holder of a valid permit to practice public accountancy issued by the board or a holder of a practice privilege pursuant to Article 5.1 (commencing with Section 5096.).

7. Section 125.9 provides in pertinent part that:

"(a) Except with respect to persons regulated under Chapter 11 (commencing with Section 7500), and Chapter 11.6 (commencing with Section 7590) of Division 3, any board, bureau, or commission within the department, the board created by the Chiropractic Initiative Act, and the Osteopathic Medical Board of California, may establish, by regulation, a system for the issuance to a licensee of a citation which may contain an order of abatement or an order to pay an administrative fine assessed by the board, bureau, or commission where the licensee is in violation of the applicable licensing act or any regulation adopted pursuant thereto.

(b) The system shall contain the following provisions:

(1) Citations shall be in writing and shall describe with particularity the nature of the

violation, including specific reference to the provision of law determined to have been violated.

(2) Whenever appropriate, the citation shall contain an order of abatement fixing a reasonable time for abatement of the violation.

(3) In no event shall the administrative fine assessed by the board, bureau, or commission exceed five thousand dollars (\$5,000) for each inspection or each investigation made with respect to the violation, or five thousand dollars (\$5,000) for each violation or count if the violation involves fraudulent billing submitted to an insurance company, the Medi-Cal program, or Medicare. In assessing a fine, the board, bureau, or commission shall give due consideration to the appropriateness of the amount of the fine with respect to factors such as the gravity of the violation, the good faith of the licensee, and the history of previous violations.

(4) A citation or fine assessment issued pursuant to a citation shall inform the licensee that if he or she desires a hearing to contest the finding of a violation, that hearing shall be requested by written notice to the board, bureau, or commission within 30 days of the date of issuance of the citation or assessment. If a hearing is not requested pursuant to this section, payment of any fine shall not constitute an admission of the violation charged. Hearings shall be held pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(5) Failure of a licensee to pay a fine within 30 days of the date of assessment, unless the citation is being appealed, may result in disciplinary action being taken by the board, bureau, or commission. Where a citation is not contested and a fine is not paid, the full amount of the assessed fine shall be added to the fee for renewal of the license. A license shall not be renewed without payment of the renewal fee and fine.

8. Section 5051 states in pertinent part:

"Except as provided in Sections 5052 and 5053, a person shall be deemed to be engaged in the practice of public accountancy within the meaning and intent of [Chapter 1 of Division 3 (commencing with Section 5000)] if he or she does any of the following:

"(a) Holds himself or herself out to the public in any manner as one skilled in the knowledge, science, and practice of accounting, and as qualified and ready to render professional

1 service therein as a public accountant for compensation.

2 "(b) Maintains an office for the transaction of business as a public accountant.

3 "(g) Prepares or signs, as the tax preparer, tax returns for clients.

4 9. California Code of Regulations, title 16, section 95.4, provides that:

5 "The failure of a licensee to comply with a citation containing an assessment of
6 administrative fine, an order of correction or abatement or both an administrative fine and an
7 order of correction or abatement after this citation is final and has been served in accordance with
8 the provisions of Section 11505(c) of the Government Code shall constitute a ground for
9 revocation or suspension of the license or permit."

10 10. Section 5107 of the Code provides, in pertinent part, that , "The executive
11 officer of the board may request the administrative law judge, as part of the proposed decision in
12 a disciplinary proceeding, to direct any holder of a permit or certificate found to have committed
13 a violation or violations of this chapter to pay to the board all reasonable costs of investigation
14 and prosecution of the case, including, but not limited to, attorneys' fees. The board shall not
15 recover costs incurred at the administrative hearing."

16 FIRST CAUSE FOR DISCIPLINE

17 (Failure to Comply with Citation)

18 11. Respondent is subject to disciplinary action under sections 5100 (g) in
19 conjunction with 125.9 and Code of Regulations, Title 16, section 95.4, in that she failed to
20 comply with citation number CT-2009-1 issued by the Board. The circumstances are as follows:

21 12. On or about July 21, 2008, the Board issued Citation Number CT-2009-1
22 alleging that respondent failed to respond to a subpoena issued by the Board on April 7, 2008.
23 Respondent was also fined in the amount of \$2,500. Respondent did not appeal the citation and
24 the citation became final on August 21, 2008. To date, Respondent has not complied with the
25 order of abatement nor has she paid the fine.

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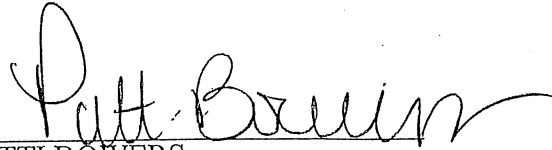
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3. Taking such other and further action as deemed necessary and proper.

DATED: March 16, 2009



PATTI BOWERS
Executive Officer
California Board of Accountancy
State of California
Complainant

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